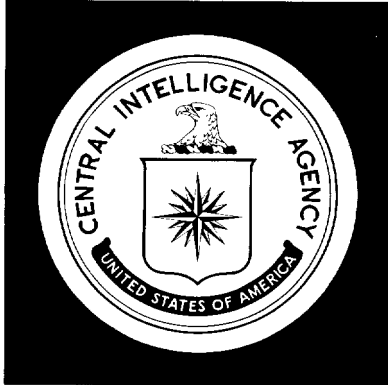


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

NAVY review  
completed.

State Dept. review  
completed

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21 April 1972  
No. 0366/72

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents pages.

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# Communist Reaction to the Indochina Fighting

## MEASURED RESPONSE FROM MOSCOW

Moscow's reaction to the air strikes on Hanoi and Haiphong was restrained and in keeping with the USSR's cautious handling of the problems raised by the Communist offensive against South Vietnam. The protest that was delivered to the US on 16 April focused solely on the damage done to Soviet ships. The TASS statement issued the same day condemned the bombings and warned that such US actions "complicate" the international situation. The TASS statement made no mention of the damage to Soviet ships and contained no direct linkage between the air strikes and US-Soviet relations. The Soviets did affirm that the USSR fulfills its internationalist duties by giving "necessary aid and support" to all patriots in Indochina.

This last is standard fare, and on the whole Moscow has made little effort to publicize its support of North Vietnam, despite Hanoi's efforts to elicit more vocal backing. Recent Soviet press coverage of Vietnam has, in fact, shown new focus on the need for a negotiated settlement. The TASS statement asserted that the only "path for resolving the problems of Indochina was that of negotiations without attempt of blackmail and dictation." Not since the fall of 1970 have official Soviet statements indicated such a forthright endorsement of negotiations. Moscow would probably welcome a renewal of the Paris talks, especially if this were to be accomplished before the President's Moscow visit.

Moscow's cautious handling of the situation seems dictated by a desire not to spoil the atmosphere of the forthcoming summit meeting with the US. There has been no significant fallout in any ongoing US-Soviet negotiations. The Soviets attach considerable importance to the summit and are hoping that it will not be jeopardized by events in far-off Indochina.

Moscow will come under increasing pressure, however, to adopt a less conciliatory policy, if the

Communist drive in the South intensifies and US countermeasures correspondingly increase. The Soviets were doubtless aware of Hanoi's plans to launch major military action this dry season; a number of high-ranking Soviet military officers were in Hanoi in the month before Hanoi kicked off the drive. It is, however, unlikely that the Soviets had a decisive voice either in its planning or its timing. Moscow very likely would have much preferred that the offensive take place either before or during the Sino-US summit or after the President's visit to the USSR. Moscow has little effective leverage—its military and economic support to Hanoi being matched by Peking—to persuade the Vietnamese to change course. Indeed, given Hanoi's strong sense of independence, any Soviet effort in this direction would almost certainly have been futile.

Developments in Indochina pose a potentially serious domestic problem for Soviet party leader Brezhnev, who has committed himself to improve Soviet-US relations and to a host of other policies of detente. Soviet citizens who have questioned the propriety of receiving the President while the US is bombing North Vietnam probably have their counterparts at higher levels of Soviet officialdom. At present, though, all indications from Soviet-US relations suggest that Brezhnev's policies are still on track.

## MINIMUM COMMENT FROM PEKING

Recent Chinese comment on the increased fighting in Vietnam has also been measured and cautious. On 18 April, a *People's Daily* editorial was issued to complement remarks elicited on 16 April from Chou En-lai by the chargé in Peking of the provisional revolutionary government of South Vietnam. Like Chou, the editorial paraphrases liberally from the provisional government's appeal of 15 April and portrays US actions as doomed to failure. Also like Chou, the editorial refers to the use of "an unprecedented" amount of air and naval power, a formulation with some overtones of an "I-told-you-so" aimed at Hanoi.

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The editorial concludes with a reference to China as the "reliable rear area" of North Vietnam and adds that the Chinese will support "with all their efforts" the Vietnamese. These standard phrases have been employed frequently in the past year, although not previously used in authoritative comment on the current fighting. They do not represent an appreciable escalation of Chinese rhetoric in the present situation.

Indeed, Chinese comment on the situation to the south remains at the minimum level possible under the circumstances—short of complete silence. It is noteworthy that Chou has only issued supporting statements after being explicitly asked to do so, and that Peking's media have continued to report faithfully on events symbolizing the thaw in Sino-US relations like the Chinese ping-pong team's travels in America.

## STRONG REVERBERATIONS IN HANOI

Hanoi's public reaction to the recent bombings indicates that the raids caused some acute strains. They also prompted a variation in the current Communist line on secret negotiations. There is nothing to indicate, however, that the Communists are giving in on any fundamental aspect of the struggle.

A joint party-government appeal issued in Hanoi early this week set the tone for the propaganda effort. This is only the second such appeal ever issued by Hanoi; the first was published after the US raid on Son Tay in late 1970. The appeal's shrill insistence that the attacks will have no long-lasting effects on the home front seems to acknowledge that the material and moral impact of the bombing could in fact be extensive. It also complains testily of President Nixon's "crafty political and diplomatic ploys," suggesting that Hanoi is still having qualms over Washington's negotiating maneuvers and its summit diplomacy. Perhaps to indicate more specifically the regime's unhappiness on this score, the appeal repeats the call for more extensive public support that Hanoi directed at Moscow and Peking on 11 April.

In Paris, chief North Vietnamese delegate Xuan Thuy told a press conference that politburo member Le Duc Tho—who had three private meetings with Dr. Kissinger last year—would return to Paris as soon as the US halted its air attacks and resumed the regular sessions. Under questioning from newsmen, Thuy made it clear that Hanoi was broaching the possibility of a resumption of secret sessions.

Thuy gave no indication that Hanoi planned to alter its basic negotiating demands, however, and his offer almost certainly was meant to convey the impression that the US bombing is the principal obstacle to meaningful talks. Although his offer to renew secret negotiations could eventually lead to some shift in Hanoi's negotiating stance, there is nothing in the way the offer was cast to suggest that the Communists are in a particularly conciliatory mood. Indeed, at the height of the 1968 offensives they held out a similar prospect of an opening on the negotiating front in order to win propaganda points and heighten the pressure on the US administration.

There are indications in press reports that even before the bombing Hanoi was planning to surface the possibility of Tho's return to Paris, perhaps as part of a diplomatic offensive to back up Communist military action in South Vietnam. Hanoi may have decided that the US raids made it expedient to raise the possibility now.

Moreover, for all its shrillness, the central point of the party-government appeal is the Communist determination to persist in the struggle. The appeal makes much of Ho Chi Minh's statement that the North would not be intimidated even if both Haiphong and Hanoi were totally destroyed. It urges the people to strengthen their resolve in the face of President Nixon's "savagely acts," and it calls on the "people's armed forces"—North and South—to "dash forward valiantly" to victory.

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**SECRET****THE INDOCHINA FIGHTING****VIETNAM: LULL AND STORM**

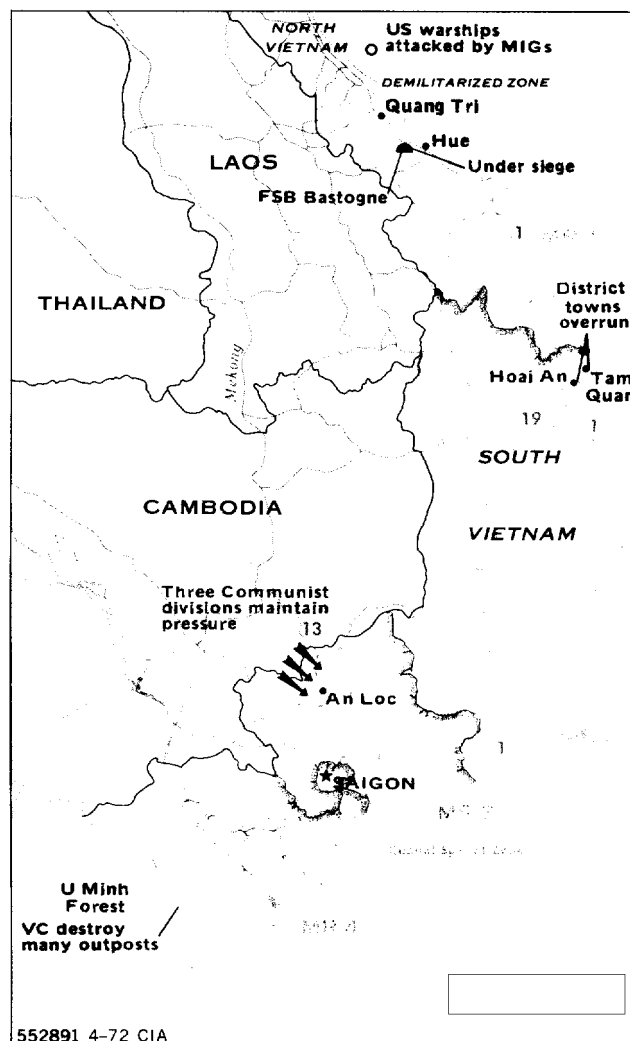
After a pause in Hanoi's spring offensive this week, heavier fighting is beginning to resume in some areas of South Vietnam. Enemy shore batteries and gunboats have stepped up their activity against US ships operating in waters off North Vietnam. North Vietnamese MIG aircraft have attacked US warships in the Gulf of Tonkin near Dong Hoi.

**The Big-Unit War**

The Communists hold a good deal of Quang Tri Province in South Vietnam, but they have had logistics and morale problems brought on by allied air and ground operations. Communist forces have been hard at work to overcome these problems, and their preparations for renewed offensive action may be nearing completion. Recent photography and reports by aerial observers show that enemy tanks and artillery have been moved into forward positions. The Communist intent to resume the offensive is borne out by captured documents.

In Thua Thien Province the Communists seem to have the capture of the old imperial capital, Hue, as their major goal. In the foothills to the west of the city the enemy has maintained pressure on Fire Support Base Bastogne which guards that approach. There has also been activity against nearby Birmingham. The Communists may be holding off a major attack into the coastal lowlands until they receive supplies from base areas.

In the central highlands, enemy activity has been relatively light, in part because some Communist units are resupplying and refitting. Nevertheless, enemy forces overran one government



base in Kontum Province and they have kept up vigorous attempts to interdict government lines of communication. Route 19 connecting the coast to the highlands has been blocked for over a week. Communist forces also have impeded traffic along the coast on Route 1 by knocking out bridges, mining roads, and ambushing convoys. These harassments are intended to make

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resupply more difficult for the South Vietnamese, to tie down government forces in road security duty, and to isolate towns, making them more vulnerable to attack. ~~South Vietnamese senior officers in the region are expecting widespread enemy attacks and have put troops there on full alert.~~

In the crucial battle for An Loc, the South Vietnamese managed to airlift reinforcements into and around the town, but the enemy is keeping the pressure on. Communist forces have made repeated attempts to seize control of the town and they are astride Route 13, which links An Loc with the south and Saigon.

During the week, the enemy sustained activity in the delta. Operating out of the U Minh Forest, Communist units have reportedly overrun 20 of 24 outposts in one district of Chuong Thien Province. Heavy attacks are probably in the offing against the capital of Kien Hoa Province and in Dinh Tuong Province. Two North Vietnamese regiments recently moved into the upper delta from Cambodia and two more moved to the border opposite Chau Doc Province. The Communists have been helped somewhat because of the withdrawal of the South Vietnamese 21st Division to help out at An Loc.

~~Communist local forces throughout the delta have been ordered to become much more active in support of the larger Communist units.~~

#### Guerrilla War in the Countryside

Communist gains at the local level in many parts of South Vietnam are becoming more ap-

parent. Small regular units and local forces throughout the country have been moving on vulnerable targets in populated areas, such as government outposts, refugee centers, and district towns.

In Quang Ngai Province, the provincial capital remains quiet but enemy units have made considerable inroads in at least two nearby districts. In neighboring Binh Dinh Province, two district capitals have been captured in the past few days. The Communists have had similar successes in other regions, including many parts of the Mekong Delta. They now control a number of district towns and large portions of several provinces throughout the country. Their efforts have been abetted in some cases by a lack of aggressiveness on the part of Saigon's provincial and militia forces.

Extending Communist influence at the local level and undermining Saigon's control in the countryside seem to be a major part of enemy plans. ~~In several areas, the Communists are following up their military efforts with attempts to establish civil administrations in newly seized territory. The North Vietnamese units that are assisting Viet Cong cadre apparently are under orders to treat the local populace well.~~

#### Naval Engagements

In the past few days, Communist shore batteries, gunboats, and jets have been more aggressive in their operations against US ships operating off North Vietnam. On 19 April two North Vietnamese MIG-17s and several motor torpedo gunboats attacked four US ships that had been shelling targets north of the Demilitarized Zone. All four ships also encountered intense gunfire from the shore. One of the MIGs bombed the US destroyer *Higbee*, causing damage and casualties. The other three were undamaged. One

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of these—the *USS Sterret*—fired six surface-to-air missiles at the attacking MIGs, downing one. It also apparently sank two torpedo boats. Since the enemy harassment of US ships has increased, at least four enemy gunboats have been lost.

### Thieu Takes Charge

President Thieu is publicly trumpeting his personal command of the war effort during the current military crisis. Thieu has visited scenes of the major action in the far north, north of Saigon and in Kontum Province and has discussed military operations with the local South Vietnamese commanders. These visits have been given considerable play in the Saigon press.

~~The government also has begun an ambitious propaganda campaign aimed at stiffening popular and official resolve. The Information Ministry is sponsoring a campaign to celebrate victories on the battlefield, replete with banners in Saigon and glowing accounts on the government radio and television stations. At the same time, the government is showing particular sensitivity to news of Communist military successes and has closed down the leading Saigon opposition paper at least temporarily. The paper had emphasized South Vietnamese battlefield reverses, ignoring "suggestions" that such news not be published.~~

### CAMBODIA: LIMITED WAR

The pace of Communist military activity quickened at widely separated points throughout the country during the week, but prolonged offensive action in coordination with the fighting in South Vietnam does not seem to be in the works. Indeed, the deployment of most Vietnamese Communist main force elements to South Vietnam will probably limit major enemy operations in Cambodia to the border areas, although small attacks by predominantly Khmer Communist

units could become more frequent in other areas of the country.

Almost all of the increased Communist activity occurred in Prey Veng and Svay Rieng provinces, southeast of Phnom Penh. There a series of attacks on 18 April cut Route 1, Phnom Penh's overland link to Saigon. In Prey Veng enemy gunners—probably from the Vietnamese Communist 96th Artillery Regiment—shelled the South Vietnamese base at Neak Luong, on the east bank of the Mekong. Farther north, enemy elements reportedly turned back a Cambodian relief force that was on the verge of reopening the road to Prey Veng town. The main Communist ground attack in Prey Veng was directed against the town of Kompong Trabek, which reportedly was overrun by the enemy at midweek. Some local Viet Cong elements, as well as Khmer Communist troops, may have been involved in that action. In Svay Rieng, the Communists moved into the towns of Prasaut and Chipou and fired rockets on Svay Rieng city.

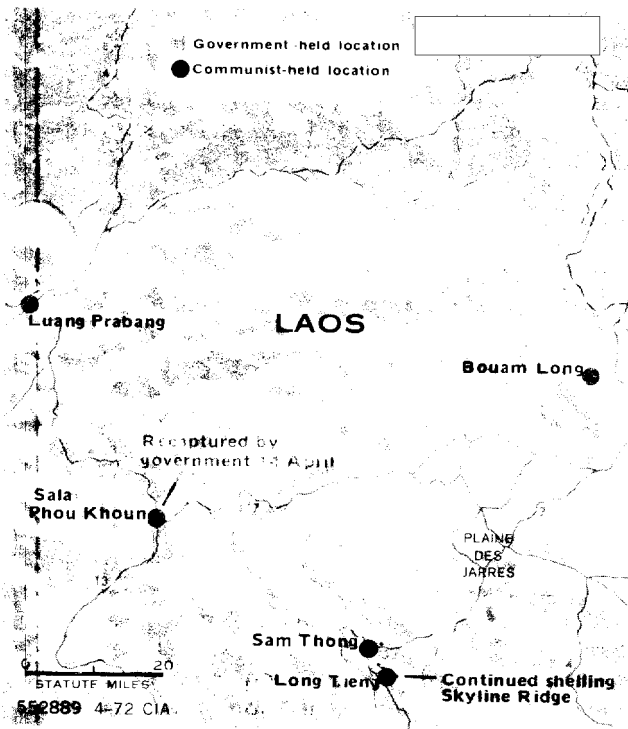


Communist Radiophoto

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diversion of air sorties to South Vietnam afforded the North Vietnamese an opportunity for attacks, but they confined themselves to intermittent mortar and artillery shelling of positions in the Long Tieng Valley and on Skyline Ridge. Hanoi presumably would like to make at least one more big effort to take Long Tieng, but preparations already appear under way for a rainy season re-trenchment.

The early rains clearly have troubled the Communists. US pilots report that the rains have damaged the new road from the Plaine des Jarres to Sam Thong, on which Communist front-line units heavily depend.

Nevertheless, road conditions improved during a recent clear spell, and supplies could be moved forward to support one last effort against Long Tieng.

In the northwest, there was increased Communist resistance to the ~~ineffective~~ government operation designed to clear the Angkor Wat area near the town of Siem Reap. A round of Communist artillery attacks and ground probes a few miles east of Siem Reap resulted in 21 Cambodians killed and another 114 wounded.

The Communists also hit Phnom Penh airfield again with rocket fire. The attack was the third of its kind since 21 March and was carried out despite increased government patrolling around the capital. There was little damage.

#### LAOS: ~~WEATHER IS BETTER~~

Three weeks have passed since the Communists made their last ground assault on Skyline Ridge. Generally poor flying weather and the

Northwest of Long Tieng, Lao Army units are consolidating their hold over Sala Phou Khoun, recaptured on 14 April. The Pathet Lao and "Patriotic Neutralist" forces that had been holding this village at the intersection of Routes 13 and 7 are retreating to the east.

In southern Laos, units of the 9th North Vietnamese Regiment have regained the initiative from the irregular force that had moved onto the western Bolovens Plateau. The government troops had pushed as far east as Ban Gnik, but ~~morale problems and~~ increased Communist activity caused them to withdraw to the west. The Communists are maintaining heavy pressure on the irregulars as they near the intersection of Routes 23 and 231, where the advance had begun three weeks ago.

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### CHINA: MUSTERING THE YOUNG

Since the anarchic days of the Red Guard movement, Peking has finessed the problem of reintegrating China's youth into national politics. The call to rebuild the Young Communist League, issued after the Ninth Party Congress in 1969, ended speculation that a multitude of fractious Red Guard remnants would permanently replace the defunct league. Not until recently, however, has Peking been ready or able to push reconstruction of the league apparatus, virtually dismantled along with its parent party structure during the Cultural Revolution.

After a three-year, on again - off again propaganda campaign, provincial media are giving increased coverage to the importance of the league and are claiming considerable success in re-establishing local branches. One province, for example, has recently announced that 86 percent of its counties have established league committees and that more than 90 percent of the local branches have been set up.

Prior to the Cultural Revolution, the Young Communist League, with a membership about double that of the party, served as the party's chief auxiliary and source of recruits. It also helped to maintain control over the schools and to indoctrinate China's youth and younger army men. Reconstitution of the league is, therefore, a necessary step in Peking's effort to restore normal party structure and practice.

One reason for the slow pace of the rebuilding was the regime's preoccupation with re-establishing the senior party structure. Another is that young people, whose venture into politics during the Cultural Revolution was traumatic, resulting in many cases in exile to the countryside, are disillusioned with political activity and have been indifferent to the effort to reconstitute the league. After the free-wheeling days of

the Cultural Revolution, they see a refurbished league as a device to impose discipline and to control their political and social activities.

Controversy over the recruitment of recalcitrant Red Guards has further complicated rebuilding. It has been argued that these activists could be a disruptive influence in an organization they once vilified as a training ground for conservative bureaucrats rather than "revolutionary successors" to Mao. Also, many party cadres, who were victims of Red Guard attacks, have been afraid to exert party leadership over league work.

Peking's vigorous campaign to upgrade the civilian party apparatus is helping to remove some of these stumbling blocks. The current large-scale rehabilitation of previously disgraced cadres, for example, probably will give party officials greater confidence in promoting the re-establishment of the youth league. A further fillip to ambitious young people who want to use the league as a stepping stone to advancement is being offered by current hints that membership in it is a prerequisite for enrollment in China's re-opened universities.

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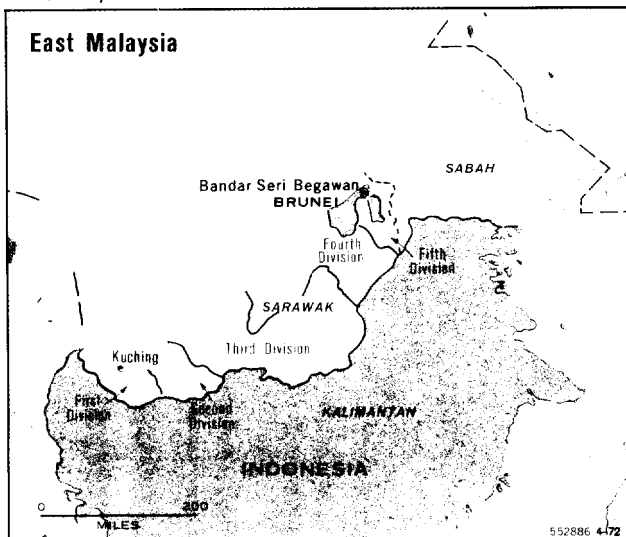
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## MALAYSIA: TROUBLED EAST

Kuala Lumpur is being forced to pay more attention to the Communist insurgency in Sarawak, East Malaysia. ~~The number of armed terrorists, most of whom are ethnic Chinese, has risen in the past year from 500 to about 1,000.~~ A recent series of attacks on government positions and political assassinations attest to the terrorists' aggressiveness. The Sarawak insurgency does not yet constitute a serious threat to the government, but it does tie down personnel and resources needed for what Kuala Lumpur believes is the more urgent security problem in West Malaysia.

Malaysian military operations have put the terrorists off balance, but have not kept the Communist movement from expanding. The fundamental problem is that the government presence is spread thinly across an extensive, underpopulated, and heavily forested area. Numerous isolated communities are extremely vulnerable to terrorist propaganda and intimidation. Because many of these rural inhabitants are Iban tribesmen who distrust the Malay ruling elite as much as they fear the terrorists, they often ignore pleas for cooperation with anti-insurgency drives.

After a visit to the troubled area in late March, Prime Minister Razak announced that the



government intended to institute additional counterinsurgency measures. Malaysia subsequently signed a new security arrangement with Indonesia providing for closer cooperation along the entire Sarawak border with Kalimantan. This agreement may be of some help, but many of the other steps the government is contemplating either have only limited chance for success or already have been tried and found wanting.

A government plan to arm the villagers for self-defense will probably end up benefiting the terrorists, who rely heavily on stolen arms. Another government program to remove the villagers from terrorist influence by establishing "resettlement" camps will be difficult to implement in the interior of Sarawak where agriculture is based on shifting cultivation rather than on settled rice culture, as in West Malaysia.

In order to inhibit terrorist recruitment, the government intends to take over the private schools in Sarawak. These primarily Chinese institutions have been heavily infiltrated by the Communists, with the result that terrorist leaders in Sarawak are generally younger and better educated than is the case in West Malaysia. In moving against the schools, however, the government may alienate the Chinese population still further and thus end up actually aiding Communist recruitment. Kuala Lumpur is also trying to pressure its urban-oriented bureaucrats to travel into the outlying districts, but this is not likely to work until the government provides more security in the countryside.

In any case, Kuala Lumpur's continued preoccupation with West Malaysia will consign the effort in Sarawak to second place in the government's over-all security strategy, even if the situation continues to deteriorate. There is little prospect that future reactions to terrorist incidents will be more than ad hoc solutions drawn from West Malaysian experience, rather than solutions adapted to the particular conditions in Sarawak.

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## THE FRENCH REFERENDUM

President Pompidou is expected to win handily in the referendum on Common Market expansion on 23 April. The government's chief concern is to limit abstentions, and it has geared its campaign toward this end.

Opening the campaign before launching a barnstorming tour of the province of Lorraine, Pompidou took to a nationwide TV-radio hook-up to stress the meaninglessness of abstention and urge everyone to vote. Although the French leader derided the Communist Party's call for a negative vote, he reserved his major criticism for the Socialists and extreme-left splinter groups that advocate abstention.

In the five French referenda held since 1958, abstentions have averaged about 21 percent of the eligible electorate. This time, most observers expect more abstentions because many Frenchmen regard the question of EC enlargement as already

settled. The latest French press polls indicate that about 37-39 percent of the registered voters will not vote. Of those who plan to vote, the polls show, between 76 and 80 percent will vote "yes" and 20-24 percent will vote "no." A voter turnout of less than 50 percent will be represented by his critics and political foes as a major setback for the government and Pompidou's European policy.

Pompidou has used the referendum to divide the opposition on the left and undercut his arch-Gaullist critics on the right. He has effectively split the Communists from the Socialists and made it less likely the two will be able to forge an electoral alliance before the parliamentary elections, which must be held by the spring of 1973. He hopes that the French electorate will give him and his European policy a strong popular vote of confidence and thus strengthen his role as a grand architect of a united, independent Europe.

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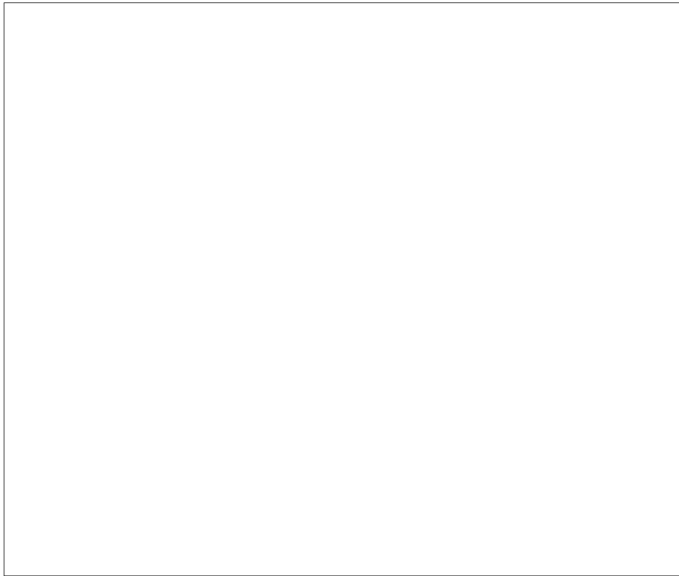


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service. Concessions like this epitomize the success the conservatives have had in the last 18 months in seizing the initiative from the moderates and forcing a reversal of party policies.

This state of affairs means essentially that the party's moderate leaders are blocked from joining a Finnish government. When they did so after the 1970 elections, the conservatives refused to honor party discipline and even voted against the government. At the congress, both factions agreed that cooperation with the government is impossible so long as the ruling Social Democrats and the Center Party pursue their current economic policies. The Communists object chiefly to the economic stabilization agreement of last month which, according to Saarinen, favors business interests to the detriment of the workers. The party indicated that it would try to block implementation of this agreement.

#### **FINNISH COMMUNIST PARTY MEETS**

Finnish Communists failed to resolve their differences at the recent party congress in Helsinki. The moderates remain handcuffed by their assertive conservative rivals, which means that the party will continue to be a disruptive factor in Finnish political life rather than a participant in the government, at least in the near future.

The moderates, led by party chairman Aarne Saarinen, maintained their majority in the central committee, the politburo, and the secretariat. All major party functionaries of both stripes were returned to office, and the factional alignments remain pretty much the same as before in all the important party organs.

Both sides admitted that the division within the party was still deep; they pledged to work to improve their internal relations. In the pursuit of unity, the moderates bent to the conservative demand that the party officially sponsor two contentious newspapers of the conservative faction and grant both access to the Communist news

In the international arena, the congress reaffirmed the party's opposition to any arrangement between Finland and the EC, called for negotiations aimed at recognizing the two Germanies, urged the early convocation of a European security conference, and reiterated support for North Vietnam.

Soviet reaction was favorable, reflecting mild satisfaction with the gains achieved by the conservatives. Although the party was left outside the main stream of politics in Helsinki, the congress did leave open the door to district-level alliances with the Social Democrats in local elections to be held in October. The outcome of these elections could prompt another try at forming a majority government, perhaps including the Communists. For the time being, however, the Communists will continue to obstruct the Social Democratic minority government in the interest of preserving their own unity.

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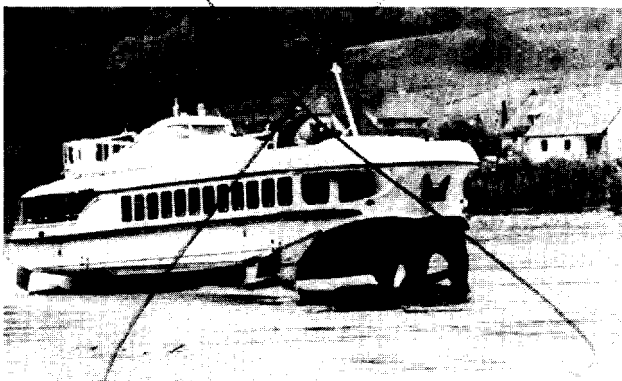
ment ratifies the 1970 Moscow and Warsaw treaties. The agreement will be effective only through 31 December 1974, by which time the EC will have assumed sole competence for trade agreements that involve member countries.

The trade agreement is of greater political than economic significance. Bonn regards the formal inclusion of West Berlin as part of the West German trading area as the most important feature in the new trade agreement. Past Soviet intransigence on this issue has frustrated negotiations for a new trade agreement ever since the previous one expired in 1963. The Soviet decision to agree to a "Berlin Clause" at this time was a gesture to aid Chancellor Brandt in his efforts to achieve ratification of the Eastern treaties; it underscores the importance Moscow attaches to these treaties.

The economic significance of the trade agreement will be marginal. The USSR does stand to benefit from the West German agreement to liberalize quantitative restrictions on Soviet exports to the level of those applied to Eastern Europe. The agreement also provides for efforts to be made to permit the USSR to obtain German credits on the "best possible terms," but this is interpreted by the West Germans, and probably the USSR, to mean normal commercial interest rates.

#### BONN, MOSCOW INITIAL TRADE PACT

After nine years of on-again, off-again negotiations, the USSR and West Germany on 7 April initialed a long-term agreement on trade and economic cooperation. The trade agreement will not come into force until the West German Govern-



Soviet Hydrofoil on the Rhine

The absence of a trade agreement has not prevented West Germany from becoming the leading Western supplier of industrial goods to the USSR. West German Government and business leaders do not believe that the trade agreement will lead to a significant expansion of trade with the USSR in the short term. Prospects for the longer run are mixed. Optimism about long-term agreements to exploit Soviet mineral deposits and other cooperative ventures is countered by the general lack of commercial interest in West Ger- 25X1 many for the "Russian formula"—i.e., accepting Soviet products in payment for the West German capital required to produce them.

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### SOVIET ARMS DELIVERIES TO EGYPT

Seaborne military deliveries from the USSR to Egypt have dropped since the second half of 1971, suggesting that Moscow is not building up Egyptian forces but maintaining them. [redacted]

Recent press reports have alleged that Moscow may be prepared to provide assistance for Egypt's domestic military industries. These stories have asserted that the USSR will help Cairo produce fighter aircraft, surface-to-air missiles, or aid in the resurrection of the Egyptian surface-to-surface missile development program of the sixties. There is no evidence to support these reports. If they did decide to help the Egyptians, it still would be some years before Egypt could produce sophisticated weapons. A promise of aid in this field, however, would help reduce Egyptian petitions to the USSR to match US military assistance to Israel. [redacted]

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### LEBANON-ISRAEL: MORE OBSERVERS

After lengthy wrangling, the Security Council moved this week to boost from 7 to 21 the number of UN observers on the Lebanese side of the border with Israel. The outcome is less than satisfactory to all parties.

The USSR, with French support, sought as usual to advance its view that the Security Council should control UN peace-keeping operations, with no latitude accorded the secretary general. In the end, Moscow and Paris accepted language that did not resolve this issue. The Israelis were also mollified somewhat by the deletion of explicit references to the 1949 armistice agreement, which Tel Aviv has regarded as null and void since the 1967 war. The Chinese acquiesced in the consensus procedure (no vote was taken on the statement) but did issue a separate statement, noting that they, like the Palestinians, were not prepared to accept the 1949 agreement.

The episode shows that Secretary General Waldheim is not likely to act in political areas without the approval of the Security Council. Moreover, the tripling of the observer team will result in little improvement in the unit's capability to verify the frequent complaints of border incursions. Observers probably will operate at three fixed posts—compared with 15 along the shorter Israeli-Syrian cease-fire line. [redacted]

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### TURKEY

#### LOOKING FOR A PRIME MINISTER

25X1 Prime Minister Erim has finally resigned, but the military high command has signaled quite clearly that it does not intend to assume direct control of the government at this time.

[redacted] If acting Prime Minister Melen, who is also minister of defense, proves he can run the government smoothly, he may be given the job. But there are other possibilities.

25X1 The present set-to appears to have stemmed primarily from the impatience of the military—

25X1 [redacted] and of President Sunay himself, with the slow pace of reform. Erim bore the brunt of the criticism. His resignation was announced on 17 April, allegedly because of "extreme fatigue."

25X1 Barring a sharp increase in terrorism or a sudden breakdown in parliament, the military overlords probably will give the politicians yet another chance to implement reform legislation.

Although most signs point toward a continuation of civilian political control, the military may decide on a shorter leash. One way to do this would be to appoint as prime minister Cihat Alpan, a former general officer and currently secretary general of the office of the president. Alpan, whose name has cropped up recently as a possible new prime minister, has long been an eminence grise in Turkish political circles, and his

appointment would signal the establishment of a military government in all but name.

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#### ECONOMIC PROSPERITY

Prevalent political uncertainties have disrupted the Turkish economy only minimally. Following a period of hesitation after the major currency devaluation of August 1970, the economy has been on the upswing. The resignation of the Erim cabinet this week is unlikely to affect underlying economic strength. The picture could change if a military or radical group were to seize power.

Real gross national product rose an estimated 9.2 percent last year, largely because of the bumper agricultural crop. The growth occurred despite reductions in both domestic and foreign investment and confusion associated with the government's foreign trade policies. The devaluation of the lira contributed to a 15-percent increase in exports last year. Strong foreign demand and a buoyant domestic market, fed by high farm incomes and a large flow of remittances from abroad, led to an above-average increase in the production of goods and services.

The 1972 outlook is for continued growth if political conditions do not adversely affect the recovery under way in domestic investment. Increasing foreign demand for Turkish products and strong private domestic investment are expected to produce a rate of growth larger than the average six percent registered annually over the past decade. The government hopes that domestic investments will increase sufficiently to offset agricultural losses caused by poor weather conditions. Businessmen are being encouraged, through customs exemptions on imports of specific goods, to step up their investments.

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Turkey's balance-of-payments position has improved since the 1970 devaluation. Official reserves rose from \$128 million just prior to devaluation to \$949 million in February 1972. The high level of reserves will permit greater imports of raw materials and capital goods than in recent years.

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Despite the generally optimistic outlook, anticipated cuts in the government's own investment program may slow Turkey's growth rate somewhat. Moreover, the steady improvement in export performance could be halted if a new bout of inflation occurs. Recent information indicates, however, that inflationary pressures—which caused price increases of between 25 and 50 percent in the period since devaluation—have begun to subside. A reduction in government spending would support this trend.

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#### THE PODGORNÝ VISIT

Soviet President Podgorný's visit to Turkey (11-17 April) marked no change in the correct relations that exist between the two states. Soviet-Turkish relations have been steady over the past eight years, a period that has been notably free of the bullying behavior of Moscow under Stalin and Khrushchev. Ankara continues to distrust the Soviets, however, and believes that Moscow has helped to promote internal dissidence in Turkey.

The communiqué issued on 17 April, ~~after what the Turks called "rough" bargaining~~, followed the pattern of recent Soviet-Turkish documents in being cool and businesslike. In addition, Moscow and Ankara issued a "declaration of principles on good-neighborly relations" modeled after the UN Charter. But, unlike last year's Franco-Soviet declaration, the Soviet-Turkish principles were not signed by the chiefs of state.

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The Soviets in recent years have extended a large amount of aid and technical assistance to Turkey, and the communiqué noted "with satisfaction" that economic and trade relations were developing successfully. No additional economic assistance was apparently extended. The communiqué merely detailed the current status of Soviet construction projects and reaffirmed Moscow's intention to double the capacity at the largest, the Iskenderun steel works.

Since 1967, the Soviets have agreed to give Turkey \$370 million of economic aid for five industrial projects, including an aluminum plant, an oil refinery, and the steel works. Only about one fourth of this total had been drawn down by the end of last year, although three of the projects—the refinery, a sulphuric acid plant, and a fiberboard plant—are scheduled to begin operation in 1972. When complete, the aluminum plant will have a capacity of more than 250,000 tons—the largest in the Middle East.

Although the Soviet military was represented on Podgorný's delegation, there was apparently no discussion of strictly military topics. The Soviets in the past have tried unsuccessfully to get Ankara to accept an exchange of naval visits.

During the visit, Podgorný reaffirmed the Soviet position on Cyprus, which recognizes the separate status of the Turkish community on the island and opposes enosis in any form. The Turks' desire to attract Soviet support on the Cyprus question has had a part in stimulating Ankara's improved relations with the USSR. The Turks feel that NATO membership has not provided them with any significant advantage on this issue of vital national interest.

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## THE SHAH IS WORRIED

Bellicose statements from Iraq concerning recent border clashes have raised fears in Tehran that Baghdad, buoyed by the Soviet-Iraqi friendship treaty, is about to launch a new campaign against Iran. The occasion for the Iraqi statements was provided last week by the most recent round of minor border skirmishes. Iranians have told US Embassy officials that three Iranian non-commissioned officers were kidnaped and a militiaman shot. The Iranians protested through diplomatic channels but say they did not retaliate militarily. Baghdad claims the Iranians attacked, using tanks, artillery, and field guns.

Adding to the Shah's concern was a Baghdad radio report on 16 April that quoted Vladimir

Kudryvstev, a member of the Supreme Soviet, as condemning "the recent Iranian aggression." The Shah has frequently voiced his anxiety over Soviet intrusion in the Middle East, particularly when making new requests for US military equipment. The new Soviet-Iraqi treaty has no doubt intensified his concern.

Iraq, for its part, is more than aware of Iran's military superiority and, therefore, is not about to launch any sizable military operations. Baghdad, nevertheless, almost certainly will continue the war of words.

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## CYPRUS: THE SETTLING DUST

The political climate is slowly returning to normal. President Makarios and the Greeks have not resolved their difficulties, but a growing moderation on both sides reflects a mutual interest in keeping the feud in hand.

In recent weeks, Makarios, the old master, has made a determined effort to appear amenable, offering to reshuffle his cabinet and professing a willingness to examine a fresh approach to the

intercommunal dispute. The archbishop's current tack is probably motivated by his desire to see the Greeks send an ambassador to Cyprus; the post has been vacant since February. Makarios maintains that a new ambassador is a necessary first step in a rapprochement, but the Greeks insist that Makarios must make some changes in his government first. Although neither side wants a new showdown, suspicions remain intense and will work against any real settlement of the Cyprus problem.

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~~SOUTH ASIA~~**BHUTTO FINESSES THE OPPOSITION**

President Bhutto, during the National Assembly meeting from 14 to 17 April, outmaneuvered his major political rival, Wali Khan. Wali's National Awami Party leads the coalition that has a majority in the two autonomy-minded provinces along the western frontier.

On 15 April, Bhutto dramatically told the National Assembly he would end martial law on 21 April if the assembly approved the interim constitution drawn up under the direction of Bhutto's Pakistan People's Party. He had hoped to continue martial law in order to ensure that several recently instituted reform programs—land redistribution and bureaucratic reorganizations, for example—were not sabotaged. Of more importance, however, was a desire to obtain a firm endorsement for his civilian government.

Bhutto's move cut the ground from under Wali Khan, who had made martial law his major issue. Bhutto's move made a vote against the constitution a vote to continue martial law.

Wali and his allies abstained on the interim constitution, which sailed through with only one negative vote. The National Assembly appointed a 25-member committee to prepare a draft of a permanent constitution for presentation at the next assembly session in August and then adjourned. Provisional assemblies are to convene on 2 May, and many pitfalls for Bhutto lie ahead. In the background, as always, is the thought that, should the civilian politicians stumble, the military might once again move in.

Despite this parliamentary triumph, the dispute between Bhutto and Wali Khan continues.

The overriding issue is how much control the central government is to exercise over the provinces. The interim constitution reportedly provides for a strong executive at the center, with a president assisted by a council of ministers. Governors, appointed by the president, will rule at the provincial level, but they are to follow the advice of provincial chief ministers chosen by the majority of each provincial assembly. The incorporation of the chief minister concept represents a concession to regional interests. On the other hand, the president reportedly has been given the right to assume emergency powers, and his governors may, in emergency situations, override the advice of the chief ministers.

In general, Bhutto's domestic position has been improved by the National Assembly's actions, and this should stand him in good stead when his representatives meet with Indian emissaries in Islamabad on 25 April.

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The Indians may indeed have reason for optimism. In his new and stronger position, Bhutto could probably recognize Bangladesh without much of a backlash. He may even be strong enough to acquiesce in making the 1949 cease-fire line in Kashmir a permanent border—in effect recognizing Indian claims to the bulk of that state—and thus meet a key Indian demand.

**BANGLADESH: FOOD SHORTAGES**

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The food situation is not yet critical, but prices are high and government stocks are dwindling. These stocks are only about one third their usual level for this time of year and are being drawn down faster than usual because more people are relying on government shops. Relief efforts are being hampered by transport

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difficulties, which can only increase when the monsoons come late next month.

Rice production is well below normal. Last winter's rice harvest is estimated to have been off by 20 percent. The smaller spring crop now being harvested may be 25 percent below normal. Shortfalls have been due in part to fertilizer and pesticide shortages and to lack of fuel for irrigation pumps. Agriculture must compete with other sectors for priority imports for limited transport facilities.

The severely taxed transport system probably will not be able to handle the 2-million-ton foodgrain import requirement set by Bangladesh officials for this year. The UN has arranged to deliver 850,000 tons by the end of June, but a month will elapse before the foodgrains reach upcountry ration shops. Food not already en route will not be distributed before the monsoon starts. To increase arrivals this month, the US is diverting 30,000 tons of wheat now going to other countries, and Burma has promised to start delivering 105,000 tons of rice. India's total commitment of 750,000 tons of wheat is being transported by rail to avoid port congestion, but only 175,000 tons have arrived. Considerable quantities of food are being held up at depots on the Bangladesh side of the border because rail lines are not fully repaired.

Foodgrain ships are beginning to arrive faster than they can be unloaded. The Soviets have begun salvage operations to clear the ports of Chittagong and Chalna of ships sunk and mines laid during last December's war, but they may not be finished before the monsoon. All of the additional cargo handling equipment ordered to speed port clearance will not be in place for another month.

## NEPAL: A TESTING OF WINGS

Formation of a new cabinet was announced on 16 April in the wake of mounting public dissatisfaction with the government's handling of such problems as localized food shortages, land

disputes, Hindu-Muslim disorders, and rising prices. In recent weeks a loose coalition of opposition members in parliament had sought to capitalize on the discontent to oust Prime Minister K. N. Bista, a veteran of numerous cabinets under conservative King Mahendra, who died in January.

Eight ministers were dropped, but Bista was retained.

Prior to the cabinet shuffle, Birendra had remained aloof from politics. His lack of involvement puzzled the politicians who were accustomed to subtle but strong guidance from the palace in Mahendra's reign. The new King, who is only 26, may have been uncertain of just how much he should do, or he may simply have elected to take a bit of time to assess the politicians with whom he must deal.

The retention of Bista indicates that no major new departures in Nepalese politics are contemplated, at least for the time being. The three opposition leaders who joined the cabinet, however, may have extracted some undertakings on reforms in the tightly controlled, party-less political system. They have advocated holding parliamentary sessions in public, broadening the franchise for electing members to parliament, and electing a prime minister from among the parliamentary membership. Many Nepalese suspect Birendra favors liberalizing the Nepalese political system, but he has yet to move in that direction.

Having formed the new cabinet, Bista left for a two-week trip to India where he hopes to secure additional economic assistance. Nepal also would like a final settlement of a minor but long-disputed boundary problem and an agreement on a rail route from Nepal to Bangladesh through India. Bista told the US ambassador that he would resist any Indian proposals for a friendship treaty similar to the one signed by India and the USSR last August.

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**CHAD-LIBYA: FRIENDS AGAIN**

Chad's agreement on 12 April to renew relations with Libya is another local victory in Premier Qadhafi's drive to win influence and isolate Israel in black Africa. The rapprochement is likely to be short lived, however, since Tripoli may not honor for very long any agreement to stop aiding the Chadian rebels.

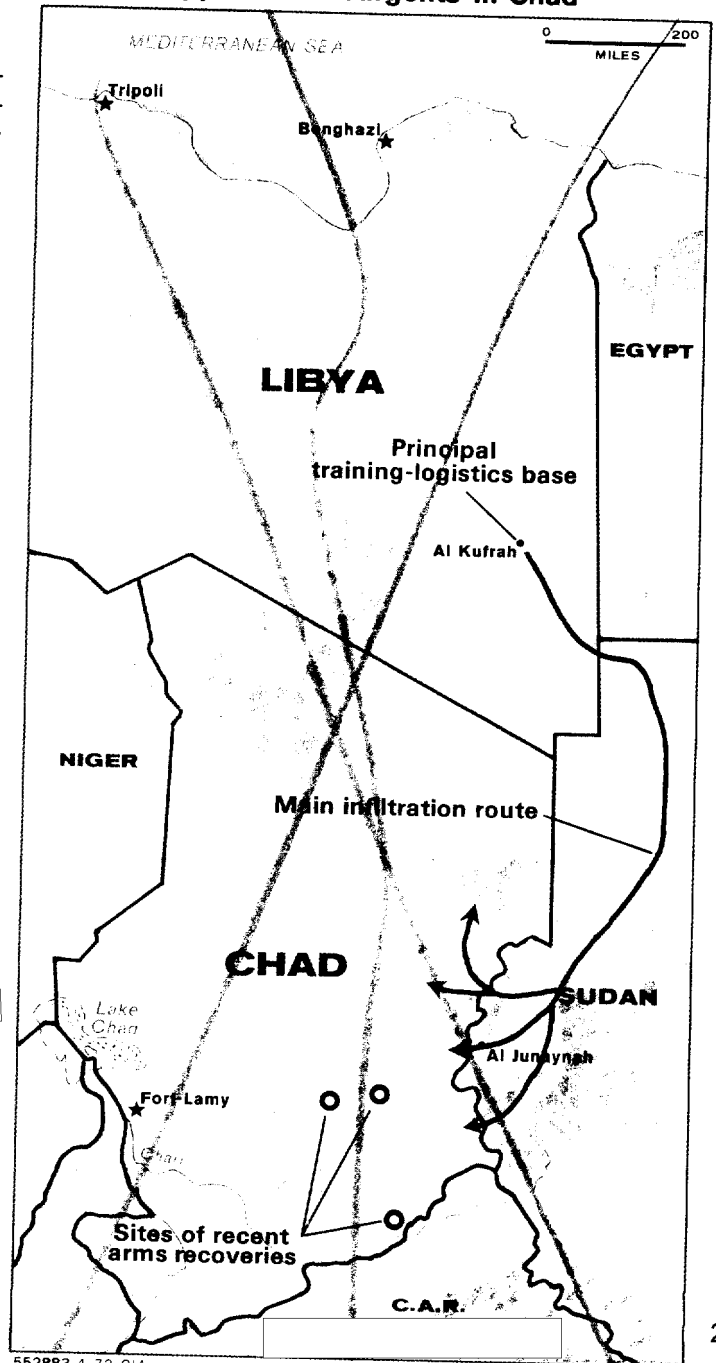
Chad presumably got private assurances of an end to Libya's support to the rebels and, possibly, a promise of aid. In turn, Chad cleared Tripoli of involvement in an alleged plot that occasioned the break last August. Chad also signed a pointedly pro-Arab statement on the Middle East for the first time. A recent increase in arms and trained rebel cadres sent into Chad from Libya through Sudan, and strong French pressure to compromise, lay behind the Chadian turn-about.

France, anxious to forestall a flare-up in the insurgency, was also urging Libya to negotiate. Paris hopes to disengage from its domestically unpopular counterinsurgency role in Chad; at the same time, Paris wants to stay on the good side of the Libyans, who are buying over 100 Mirage aircraft.

Apart from gaining Chad's endorsement of the Palestinian cause, Tripoli probably views the settlement as a step in improving its image in the sub-Sahara.

Sudan is publicly cooperating with Chad to suppress the movement of arms and rebels through Sudan.

Despite these pressures, the rapprochement is likely to come under early strain. Libya probably will insist that President Tombalbaye take a progressively tougher line with Israel. The Qadhafi regime's real sympathies lie with Chad's Muslims and their desire to escape animist-Christian rule. For his part, Tombalbaye will surely remain suspicious of the Libyans. The

**Libyan Support for Insurgents in Chad**

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immediate damage to Israel will be slight. Relations with Chad continue.

depress further the country's already deteriorating economy.

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**UGANDA: SEARCH FOR A SCAPEGOAT**

President Amin, who recently broke with Israel, now seems prepared to blame all of his considerable domestic problems on Tel Aviv. Amin has continued his verbal attacks on the Israelis and may soon launch a drive to eliminate Israeli influence and sympathies from the government and the army.

The President has already dismissed his minister of internal affairs, Lieutenant Colonel Obitre-Gama, accusing him of being an Israeli agent.

Meanwhile, the Libyans

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may be stepping in to fill, insofar as possible, the vacuum left by the departing Israelis. Ugandan and Libyan delegations have exchanged visits and, according to Kampala, Libya has agreed to build hospitals and to train Ugandan army and air force personnel. Egypt, which may be working with Libya, is doubtless pleased with the Israeli departure from Uganda. Cairo may seize this opportunity to expand its influence by offering help in various technical and military fields which Libya is not capable of providing.

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Amin clearly has good reason to look for a whipping boy. There is growing public dissatisfaction with his government, as well as discontent with the general's pro-Arab moves among Christians in the unruly army. The military is Amin's principal source of support. Recently, a few of the President's close supporters in the military were implicated in the disappearance of two Americans last July in southern Uganda, and this has added to his woes. The termination of the Israeli construction projects will cost Uganda jobs as well as sorely needed technical advice and will



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### URUGUAY UNDER SIEGE

Terrorist violence this week forced President Bordaberry to scrap a conciliatory approach to national security and to declare a state of internal war. Following the murder on 14 April of two policemen, a naval officer, and a former under-secretary of the interior, Bordaberry denounced the terrorists in a nationwide address and asked Congress to suspend individual rights. Since then, government forces claim to have killed 19, including seven members of the Communist Party, which had not been participating in the violence.

In asking the Congress for emergency powers, Bordaberry asserted that the Tupamaros were making war on the government and that it would be a tremendous error for the authorities not to make an effective response. Opposition Blanco congressmen joined with the Colorados to support the President's request, but limited the term of the measures to 30 days rather than the 90 Bordaberry wanted. They also restricted the declaration of a state of internal war to the zone

affected by the terrorism—principally the Montevideo area. But the measures do give the military the main responsibility in the fight against the terrorists and authorize the extended detention of suspects without trial.

Although Bordaberry has thus secured the cooperation of key politicians including the two Blancos he defeated for the presidency last year, he is opposed by the leftist Frente Amplio. Frente Amplio Senator Enrique Erro has called for a Senate investigation of extra-legal "death squads," claiming that these right-wing groups are getting government support. The Tupamaros accuse the government of using terrorism to fight them and have distributed to legislators and the press a purported "confession" by a policeman whom they kidnaped on 24 February. The document alleges that several government officials—including three of the four men killed on 14 April—were involved in anti-terrorist terrorism.



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In addition to violence and political attacks, Bordaberry has been confronted with an extended general strike by Communist-controlled unions. Communist leaders are protesting the killing of seven party members on 17 April. A government communiqué blames the Communists for the incident, but ~~US Embassy officials~~ have commented that the Uruguayan Communist Party has carefully avoided armed conflict in the past and there is no evidence to indicate that this general posture has changed.

Even before the violence last week, Bordaberry was under pressure from members of his own Colorado Party to take a harsher line against terrorism, and the armed forces have since demanded the adoption of stringent measures. Although Bordaberry has enjoyed the cooperation of opposition Blanco leader Wilson Ferreira since the "war" with the Tupamaros began, continued assistance appears contingent on the government's promise to move against right-wing terrorist groups. Unless Bordaberry acts decisively and soon on this issue, he may lose the Blanco support he must have to deal effectively with political terrorists. Emergency security measures are only temporary, and, without a compromise solution on a security law, the government will have to release the Tupamaros and other subversives now being held without trial.

The defeat of Rojas' party can be attributed in part to mid-term voter apathy—only about 25 percent of those eligible turned out. Also, this is the first time the Alliance has run as a third party; under the National Front only the Liberal and Conservative parties were allowed to participate in elections, thereby forcing the Alliance to run under the banner of either of the two traditional parties. The movement suffered from a lack of media facilities, as well as from its poor performance in the councils and legislatures.

There is little doubt that the election will shore up the traditional parties. In the meantime, the shellacking taken by Rojas' party may cost it both members and momentum. This has strong implications for the general election in 1974. With the deflation of the looming threat to the democratic system posed by Rojas' group, the temptation to react by extending the National Front agreement beyond its 1974 expiration date has receded. Still, the totals racked up by the two major parties do not take account of the various factions within them, nor of the probability that each faction is likely to run its own presidential candidate in 1974. When the total vote is analyzed in this fashion, Rojas' National Popular Alliance remains an important element in electoral considerations. Although the party may suffer, it nevertheless remains in being, fairly well-organized and disciplined. If it should be able to hammer out an election alliance with a major Liberal or Conservative faction, the combine could be formidable.

## **COLOMBIA: A THREAT FALLS SHORT**

Ex-dictator Rojas Pinilla's National Popular Alliance suffered a major setback in the election for municipal councils and legislative assemblies on 16 April. Although returns are not complete, the Alliance's share of the total vote dropped to about half the 39 percent it won in 1970. The elections are being hailed as an overwhelming triumph for the National Front coalition that has governed since 1958.

On the other hand, the Liberals and Conservatives have new opportunities to rebuild their strength. Rojas' forces no longer control the majority of municipal councils and legislatures—offices they have used for partisan political purposes. Loss of control of the Bogota City Council, for instance, will remove an important source of Alliance funds. These gains notwithstanding, the 25X1 traditional parties will have a difficult time reuniting their fractious factions to retain the political hegemony they now have.

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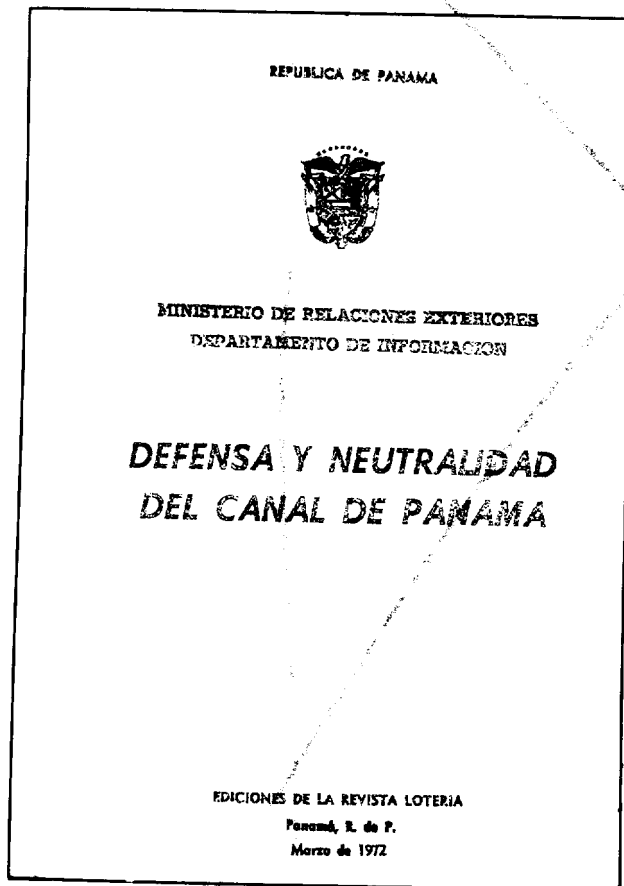
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**PANAMA: DEFENDING THE CANAL**

Although Panama is continuing its campaign to attract international support on the canal negotiations, its failure to raise the subject at the OAS General Assembly confirms that Torrijos does not believe the time is ripe for a confrontation with the US on the issue. There are no indications that a new mood of compromise is at hand. Indeed, without giving up its previous demands that the duration of a new treaty be severely limited and that Panamanian jurisdiction over the zone be greatly increased, the Torrijos government has

begun to emphasize that the US military presence in Panama must be significantly reduced.

In late March, the Foreign Ministry began to distribute a booklet claiming that the best and only defense of the canal would be its neutralization. At the same time, Foreign Minister Tack released a hard-hitting article that criticized the conversion of the Canal Zone into a military fortress and called Panama's decision to reincorporate the zone under its own jurisdiction "irrevocable." Neither of these blasts was addressed to a domestic audience, which would have been the case had Torrijos intended a serious challenge to the US. Tack's remarks, carried by the Latin American press, were not even printed in Panama. Instead, the effort seemed primarily designed to build a sympathetic international following and to impress the US with the firmness of the Panamanian position.



"The Defense and Neutrality of the Panama Canal"

This past Monday, at the meeting in Chile of the United Nations Conference on Trade and Development, Panama pressed the attack. The Panamanian delegate demanded that the canal be declared neutral territory and that US military bases and personnel be retired from the zone. This appears to be an extreme formulation. Although Panama has in the past intimated that the canal should be neutral and that the US should not have the right to deny use of the waterway to countries with which it is at war, Panama has not seriously challenged the US right to defend the canal. Panama apparently wants its own forces to be given a role in the defense of the canal.

The Torrijos government may distinguish sharply between canal defense and the use of US military bases in the zone for "hemispheric defense" purposes. The latter, many Panamanians believe, implies that their territory could be used as a base for US military intervention in the

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internal affairs of other Latin American countries. Panama has long been sensitive to charges that it is controlled by the US and has from time to time gone out of its way to demonstrate its independence. It may conclude, therefore, that any US military functions not directly related to canal defense infringe on Panamanian sovereignty.

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#### ST. VINCENT: DEADLOCK RESOLVED

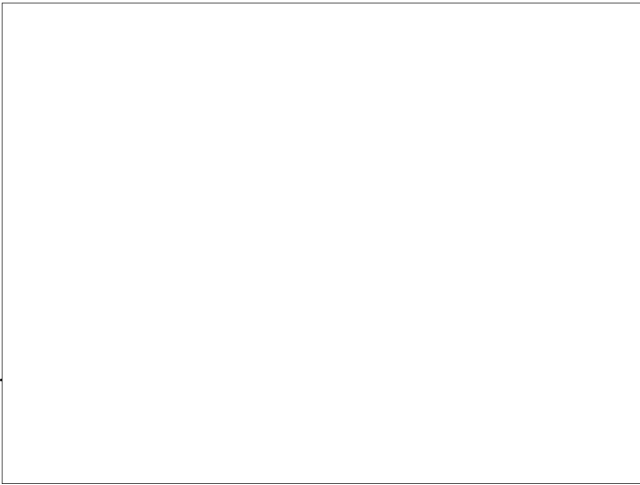
The appointment of James Mitchell as prime minister has resolved the island's parliamentary deadlock. Mitchell left Milton Cato's Labor Party government in February and ran as an independent in the recent elections for the 13-seat House of Assembly. The elections produced a six-six split between Cato's party and the opposition People's Political Party headed by Ebenezer Joshua. Mitchell held the decisive 13th seat. After a week of rising tension on the island, the six opposition members have agreed to form a government headed by Mitchell. This should ease the threat of civil disturbances but, in the long run, Mitchell's moderate and independent philosophy may clash with Joshua's more radical attitudes and force new parliamentary elections.

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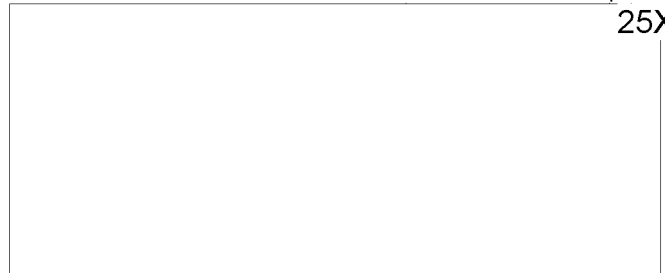
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Although the demonstration was probably meant in part as a test of the government's willingness to allow dissent to be displayed, there is no specific evidence to show that rally organizers hoped to spoil the President's trip to South America. In fact, those involved maintained there was no connection. They decried the government's action and stressed their substantive demands—such as salary increases for teachers. More moderate leftists bemoaned the demonstrators' poor timing and accused the ultra-leftist sponsors of advancing the cause of the ultra-right by kindling government repression.



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#### MEXICO: POOR TIME FOR DISSENT

The last thing the government wanted last week on the eve of President Echeverria's trip to the UNCTAD meeting in Chile was a large and violent anti-government demonstration. So when a rally by leftist and Communist teacher and student movements scheduled for 15 April threatened to get out of hand, the government stepped in and quickly forced its cancellation. Claiming that the demonstration was intended to mar the presidential trip, the government declared it illegal and used riot police to prevent the marchers from getting to assembly points.

Government leaders sought to place the would-be demonstrators in an untenable position. The leaders probably surmised that leftists and Communists would be divided ideologically if their goal were portrayed as embarrassing Echeverria as he leaves for Chile, especially since he reportedly planned to press the views of "developing nations" struggling against economic exploitation by great powers. The Chile trip, with a stopover in Peru, has domestic political implications. It would be well-received by Mexico's leftists and a nice balance for his coming visit to the US, which is likely to spark criticism from elements on the left.

#### CHILE: FOREIGN DEBT

An agreement was reached this week on re-scheduling Chile's large foreign debt. It will enable President Allende to regularize Chile's relations with its normal creditors and suppliers while trying to reorganize and reorient the economy. The Chilean concessions during the negotiations—acknowledging debts and promising compensation for expropriated property of foreigners—were a pragmatic recognition that even sympathetic creditors would not accept Santiago's original rigid position. Allende probably now will turn more attention to his political problems. His careful speech to a massive rally on 18 April indicates some plans for getting around the stiffening opposition he faces, especially in the legislature. The President said that a plebiscite to dissolve Congress was under consideration and that he would propose a new constitution next year that "would really open the road to the building of socialism."

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